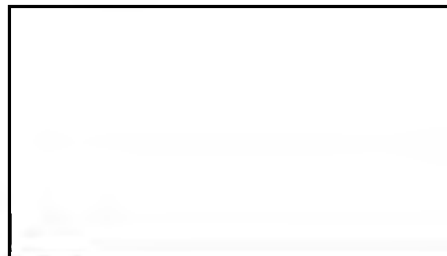


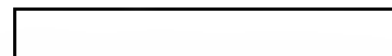
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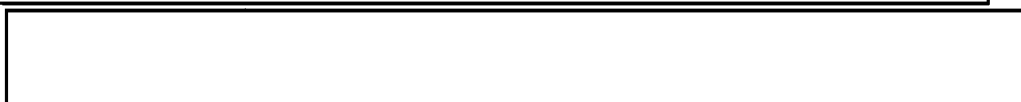
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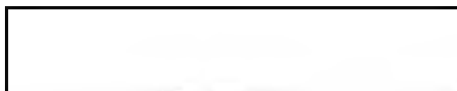
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5. West Germany: Bonn may be less forthcoming in financial negotiations with US following currency revaluation. (*Page ii*)
6. Communist China: Peiping postpones program to communize Tibet. (*Page iii*)
7. Rumania: Local disturbances and peasant dissatisfaction reported in southern Rumania. (*Page iii*)
8. Watch Committee conclusions. (*Page iii*)



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[Redacted]

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West Germany: American officials in Bonn believe that as a consequence of the 4 March revaluation of the mark, West Germany may be less forthcoming in current financial negotiations with the US on debt prepayment and military orders. On the question of aid to underdeveloped areas, the Bonn cabinet seems to be near agreement that future German contributions should be limited to one percent of the gross national product, or approximately \$700,000,000 at the 1960 rate. According to embassy officials, the primary factor in the decision to revalue the currency was the sudden realization that the government and central bank were unable by other means to cope with growing inflationary pressures only six months before national

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elections. Embassy officials do not believe the move will have a lasting impact on West Germany's trade or balance of payments and expect that the only significant effect will be short-term money movements in which foreign speculators will withdraw funds to take their profits. [redacted]

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Communist China: [redacted] The Chinese Communists have postponed their program of communizing Tibet in the face of persistent opposition there. The Tibetans have been told that further "reforms" have been deferred for four years. In addition, [redacted] some of the land already collectivized is being returned to its former owners, political indoctrination meetings have been suspended, private trade is being resumed on a small scale, and harassment of religious activities has been halted. Internal Chinese problems, particularly food shortages, probably contributed to the regime's decision against committing the resources and manpower needed to force the Tibetans into the Communist mold at this time. [redacted] (Backup, Page 6)

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Rumania: [redacted]

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[redacted] several isolated local disturbances resulting from peasant dissatisfaction have taken place in the past month in southern Rumania. These difficulties apparently are caused by peasant opposition to the regime's program for agricultural collectivization and compulsory purchase of livestock. In one local demonstration, several militiamen were rumored killed or wounded. The reported unrest is reminiscent of similar outbreaks in eastern Rumania in 1958, which the regime was readily able to control. [redacted]

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WATCH COMMITTEE CONCLUSIONS

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[redacted]
On the basis of findings by its Watch Committee the United States Intelligence Board concludes that:

A. No change from last week.

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[redacted] 25X1

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- B. No change from last week.
- C. In Laos, Communist attacks at the Phou Khoun road junction do not appear to have been planned as the start of a major counteroffensive against government forces, but Communist success in this instance may lead them to seek further limited military gains.
- D. Significant political compromises among the factions in the Congo in the near future appear unlikely while Gizenga continues to have reason to hope for outside support. The probable replacement of Dayal may permit a less partisan and more effective UN operation in the Congo and will remove one of the obstacles to the return of UN forces to Matadi and Banana. The deteriorating economy and rapidly growing inflation in the Congo could lead to disorders.

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Socialization of Tibet Postponed Again

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[Peiping's postponement of socialization in Tibet marks the second time that the Communists have had to suspend their program for transforming Tibetan society. The first, announced in February 1957, was presented as a six-year moratorium reversing the programs set in motion a year earlier with the establishment by Peiping of the Preparatory Committee for the Tibet Autonomous Region. This period of grace came to an abrupt end in 1959 with the Tibetan uprising and Peiping's subsequent decision to Sinicize Tibet as quickly as possible. Implementation of this decision included the introduction of numbers of Chinese into Tibet as well as a new attempt to impose socialist "reforms." Following the same general pattern as was used within China, the Communists plunged into a program of land reform, moving from that to mutual-aid teams and cooperatives. Efforts were also made to halt private trade and weaken the Lamaist Church.]

[Despite Peiping's claim that the Tibetans eagerly accepted these changes, the regime now acknowledges that "too many errors" were committed by Chinese and Tibetan cadres, intimating that their highhanded practices aroused a good deal of wrath among the public. The Tibetans are also disgruntled by local food shortages as serious as those plaguing China itself. In addition, the imposition of Chinese will on a recalcitrant populace is made difficult by Tibet's position at the end of a very long supply line. This line is all the harder to maintain as a result of the current fuel shortage in China.]

[Still, the regime is making it clear that the retreat is only tactical. Tibetans are being told by Peiping that the political need for reforms persists, and the likelihood is that the process of socializing Tibet will be started again whenever the circumstances are deemed favorable, even if the promised four-year grace period has not elapsed.]

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Peasant Unrest in Rumania

While the Rumanian populace, with the exception of the Hungarian minority in Transylvania, has been passive toward the Communist regime, the peasants have, on occasion, maintained a more independent position and the government has moved somewhat more slowly than most other East European states in collectivization. There are rumors that peasants in the Arges and Oltenia regions of southern Rumania have petitioned for authority to withdraw from collectives, made a series of oral complaints about agricultural policies, and conducted public demonstrations.

The regime's recent actions tend to support these rumors. Party leader Gheorghiu-Dej and politburo members Borila and Ceausescu visited Arges region from 16 to 17 February on a tour which the American Legation speculates may have been a reflection of official concern over developments in the area. On 28 February, the regime promulgated a liberalized resolution dealing with the purchase of cattle in a move which may have been designed to minimize popular discontent over the compulsory sale of livestock to the state. Furthermore, the regime, after initially pushing its collectivization vigorously in the early part of this winter, has slowed down its efforts during the past month.

Five separate trip requests by US diplomatic officials for travel to the areas of reported unrest were refused during the period from 24 February to 6 March, although this may have been because of military activities. [REDACTED]

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[REDACTED]

[REDACTED]

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Executive Offices of the White House

The Special Assistant for National Security Affairs

The Scientific Adviser to the President

The Director of the Budget

The Director, Office of Civil and Defense Mobilization

The Director, National Aeronautics and Space Administration

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The Deputy Secretary of Defense

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The Assistant Secretary of Defense (International Security Affairs)

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Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

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